'Nobody makes much money in sports franchising'

by Jamie Wayne

ROD McINNES logged a lot of telephone time last week. Not all of it involved carrying out his daily round as president and chief executive officer for Carling O'Keefe Ltd.

McInnes spent much of the week burying a couple of persistent rumors: neither the Toronto Argonauts of the Canadian Football League (CFL) nor the Quebec Nordiques of the National Hockey League (NHL), both owned by subsidiary Carling O'Keefe Breweries of Canada Ltd., are on the verge of being sold.

In fact, to paraphrase McInnes (and Mark Twain), rumors of their imminent sales have been grossly exaggerated.

"A reporter called me (last week) asking if the Argos were for sale and I said that anything's for sale at the right price," McInnes told The Post. "But not just the teams -- don't take it out of context. I said we'd sell any asset we've got if the price is right. I always say that."

It was a typical McInnes response to daily sports reporters who ask the inevitable question that comes up in the wake of a woeful season -- both on the field and at the box office.

Entry fee

Clearly, the Argos — and also the Nordiques, despite fielding an exciting, competitive squad — are costing the brewery a bundle each year. How much, though, is "not public information," the otherwise free-speaking McInnes says.

One highly placed hockey executive says the Nordiques lost $4 million in each of its first two years in the NHL (the club is now beginning year three) because of the exorbitant league entry fee, the arena's originally small seating capacity and resultant construction costs for expansion.

The Argos are said to be fumbling away at least $1 million this year, according to another source.

But McInnes refuses to sing the blues or cry in his beer despite the teams' losses, and, in fact, insists that losing money comes with the territory of team ownership.

McInnes says the Nordiques are better than the Argos from an ownership point of view, but "not by much." And neither team would be a smart buy strictly as a straight investment and nothing else.

"No sports franchise is -- we knew that when we got a hold of them (the Argos and the Nordiques). Anybody who thinks that they are going to be making much money with a team is dreaming."

So sports franchise ownership is strictly a marketing vehicle?

"Oh yeah, or an ego trip. Those are the only two reasons as far as I can see. There's a chance to make a bit of money, I think, but everything has got to go right."

McInnes has had to field a lot of questions about sports sponsorship this year since Carling O'Keefe has been in the hot seat because of a couple of aggressive — and very expensive -- TV rights purchases in baseball and football.

Carling O'Keefe purchased the Canadian TV rights to the CFL for the next three years for $5.2 million annually, as well as the national TV rights to Montreal Expos' baseball for the next five years for $6.2 million per year.

The rights figure for the CFL was roughly 2½ times greater than the league's last three-year package, which has been purchased by the CBC. Carling O'Keefe's Expos TV package was nearly six times greater than the previous pact signed by Labatt Breweries of Canada Ltd.

Not only were TV rights expensive, but a strike by major league baseball's 650 players this summer put the grand old game out of business, and Carling O'Keefe was off the air for two months. To make matters worse, the CFL has suffered through a season of lopsided TV games courtesy of its newly adopted, fully interlocking schedule.

Ratings

McInnes is unwilling to concede that the rough CFL season has hurt the brewery. "Well, you never know until you get the audience ratings coming in. That's the only way you can tell."

But certainly the numerous lopsided games this season must concern the company?

"A lot in TV depends on what is up against the vehicle you have. So while you may have certain gut feelings about it, I have long since learned never to pay any attention to that," he says.

Is owning a team more of a burden, financially or otherwise, to the company than one of its businesses?

"It is nowhere near as complicated as some of our companies. We own Star Oil & Gas Ltd. in Calgary, Canadian Beer Co. and Jordan Valley Wines Ltd. Sports franchises aren't that difficult, and we don't interfere with it. The men in charge are responsible for that."

And what of the Nordiques' sale rumor?

"I haven't heard of it. Anyway, nobody has come in to see me about it," he says.

When told that The Post has been tipped off to the possible sale by a reliable source, McInnes chuckles. "The only reasonable source would be me. So whoever it was didn't know what he was talking about."

McInnes also rules out the possibility Rothmans of Pall Mall Canada Ltd., [illegible] owner of Carling O'K[illegible] would pressure him [illegible] selling the teams by clai[illegible] outrageous losses.

"No, they don't ever t[illegible] to do anything. Each [illegible] has our separate boar[illegible] directors."

(Besides, a 1% shi[illegible] market share in Queb[illegible] worth roughly $4 milli[illegible] revenues in the vol[illegible] intensive beer industr[illegible] Ontario, a similar sh[illegible] about $6 million, so [illegible] losses pale in comp[illegible] with these kinds of nur[illegible] at stake.)

But seriously, Rod, [illegible] the price ever be right f[illegible] Argos or the Nordiques[illegible]

"As long as you reta[illegible] marketing rights, why[illegible] You may sell the team[illegible] you would never give u[illegible] TV licensing arranger[illegible] That would never happ[illegible] it would be stupid," Mc[illegible] says.

And without the TV [illegible] team ownership isn't [illegible] attractive unless you've [illegible] gigantic ego and an [illegible] bigger bankroll.

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